

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)	
DELMARVA POWER & LIGHT COMPANY FOR)	
AUTHORITY TO IMPLEMENT A DISTRIBUTION)	
SYSTEM IMPROVEMENT CHARGE (DSIC))	PSC DOCKET NO. 20-0804
RATE FOR NATURAL GAS DISTRIBUTION)	
EFFECTIVE JANUARY 1, 2021, PURSUANT TO)	
26 <i>DEL. C.</i> § 315)	
(FILED NOVEMBER 30, 2020))	

IN THE MATTER OF THE APPLICATION OF)	
DELMARVA POWER & LIGHT COMPANY FOR)	
AUTHORITY TO IMPLEMENT A DISTRIBUTION)	
SYSTEM IMPROVEMENT CHARGE (DSIC))	PSC DOCKET NO. 21-0408
RATE FOR NATURAL GAS DISTRIBUTION)	
EFFECTIVE JULY 1, 2021, PURSUANT TO)	
26 <i>DEL. C.</i> § 315)	
(FILED MAY 28, 2021))	

ORDER NO. 10056

AND NOW, this 15th day of June 2022, the Delaware Public Service Commission (“Commission”) determines and orders the following:

WHEREAS, under the provisions of 26 *Del. C.* § 315, an electric or natural gas utility may calculate and collect a “Distribution System Improvement Charge” (“DSIC Rate”), allowing it to begin recovering depreciation expenses and a return on capital invested in “eligible distribution system improvements” put into service between rate cases; and

WHEREAS, under 26 *Del. C.* § 315(b)(3) and (b)(5), an electric or natural gas utility’s DSIC Rate, once initiated, may thereafter be adjusted on a semi-annual basis to reflect eligible improvements placed into service within the preceding six months;¹ and

¹For a more detailed description of the DSIC Rate mechanism, see PSC Order No. 5850 (December 11, 2001).

WHEREAS, on November 30, 2020, Delmarva Power & Light Company (“Delmarva”) filed an application to set its Gas DSIC Rate at 0.95%, effective January 1, 2021; and

WHEREAS, on December 14, 2020, by Order No. 9708, the Commission opened Docket No. 20-0804 and approved Delmarva’s application to set its Gas DSIC Rate at 0.95%, effective January 1, 2021, subject to Commission Staff’s (“Staff”) annual review, audit, and reconciliation of Delmarva’s Gas DSIC Rate; and

WHEREAS, on May 28, 2021, Delmarva filed an application to increase its Gas DSIC Rate to 5.00%, effective July 1, 2021; and

WHEREAS, on June 23, 2021, by Order No. 9824, the Commission opened Docket No. 21-0408 and approved an increase to Delmarva’s Gas DSIC Rate from 0.95% to 4.85%,² effective July 1, 2021, subject to Staff’s annual review, audit, and reconciliation; and

WHEREAS, Staff conducted a review and audit of Delmarva’s Gas DSIC components and calculations in Docket No. 20-0804 and found that the numbers complied with the statutory requirements. Specifically, Staff found that: (i) Delmarva’s overall rate of return did not exceed its authorized overall rate of return; (ii) Delmarva collected \$551,323 in Gas DSIC revenues for Docket No. 20-0804 during the period January 1, 2021, through June 30, 2021, which was \$31,426 over the Gas DSIC revenue requirement of \$519,817 for this period; (iii) the plant portion of Delmarva’s Gas DSIC calculation was accurate; and (iv) the total depreciation as calculated by Delmarva agreed with its general ledger; and

WHEREAS, based on its audit of the additional plant claimed by Delmarva in Docket No. 20-0804 and the revenues collected by Delmarva under the 0.95% Gas DSIC Rate, Staff

² In Order No. 9824, the Commission described the adjustment it made to the requested Gas DSIC Rate of 5.00%, which resulted in the approved Gas DSIC Rate of 4.85%.

recommended that the Commission approve, as final, Delmarva's Gas DSIC Rate of 0.95% for the period January 1, 2021, through June 30, 2021; and

WHEREAS, Staff conducted a review and audit of Delmarva's Gas DSIC components and calculations contained in Docket No. 21-0408 and found that the numbers complied with the statutory requirements and aligned with the Gas DSIC Rate which the Commission previously approved in Order No. 9824. Specifically, Staff found that: (i) Delmarva's overall rate of return did not exceed its authorized overall rate of return; (ii) Delmarva collected \$1,633,500 in Gas DSIC revenues for PSC Docket No. 21-0408, which was \$143,362 under the semi-annual Gas DSIC revenue requirement of \$1,776,862 for this period; (iii) the plant portion of Delmarva's Gas DSIC calculation was accurate; and (iv) the total depreciation as calculated by Delmarva agreed with its general ledger; and

WHEREAS, based on its audit of the additional plant claimed by Delmarva in Docket No. 21-0408 and the revenues collected by Delmarva under the 4.85% Gas DSIC Rate, Staff recommended that the Commission approve, as final, Delmarva's Gas DSIC Rate of 4.85% for July 1, 2021, through December 31, 2021; and

WHEREAS, the over-collection of \$31,426 from Docket No. 20-0804, along with the under-collection of \$143,362 from Docket No. 21-0408, result in a total under-collection amount of \$111,936 for the annual reconciliation of the Gas DSIC Rates for the 12-month period ending December 31, 2021, which will be reconciled in Delmarva's current pending Gas DSIC Rate application in PSC Docket No. 22-0440; and

WHEREAS, Staff shared its findings with Delmarva and the Delaware Division of the Public Advocate, both of which agree with Staff's findings;

**NOW THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE VOTE
OF NOT FEWER THAN THREE COMMISSIONERS:**

1. Under the provisions of 26 *Del. C.* § 315, the Commission hereby approves as final Delmarva's 2021 Gas DSIC Rates of 0.95% (effective January 1, 2021, through June 30, 2021), and 4.85% (effective July 1, 2021, through December 31, 2021), as previously allowed to go into effect by PSC Order Nos. 9708 and 9824.
2. That Delmarva shall reconcile the 2021 Gas DSIC under-collection amount of \$111,936 in its current pending Gas DSIC Rate filing in PSC Docket No. 22-0440.
3. That nothing in this Order shall preclude the examination and challenge of Delmarva's claims in any base rate proceeding.
4. That the annual audit of the filings made in PSC Docket Nos. 20-0804 and 21-0408 are concluded, and these dockets are hereby closed.
5. That the Commission reserves the jurisdiction and authority to enter such further orders in these dockets as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Dallas Winslow, Chairman

Joann Conaway, Commissioner

Harold Gray, Commissioner

Manubhai "Mike" Karia, Commissioner

Kim F. Drexler, Commissioner

ATTEST:

Donna Nickerson, Secretary